

Dodd, AIG Bonuses, & What We Don't Know

March 19, 2009

Who inserted the language into the Conference report for the Stimulus that expressly prohibits stopping any bonuses for contracts entered into before February 11, 2009?

- Sen. Dodd initially stated that he was not responsible for inserting the language that allowed any bonuses for contracts that were entered into before February 11, 2009. “When I left the Senate, it was not in there. So when I wrote the language, there was no such language like that.” Sen. Dodd, Tuesday, March 17, 2009. “Dodd admits to role in AIG loophole” (<http://edition.cnn.com/2009/POLITICS/03/19/aig.bonuses.congress/>).
- On Wednesday, March 18, Sen. Dodd flip-flopped and took responsibility for the language which allowed the AIG bonuses, but blamed the change on Treasury Department officials. “I agreed reluctantly. I was changing the amendment because others were insistent.” Sen. Dodd, Wednesday, March 18, 2009. “Dodd admits to role in AIG loophole” (<http://edition.cnn.com/2009/POLITICS/03/19/aig.bonuses.congress/>).
- Sen. Dodd has not specified which Administration officials insisted that the language be changed in order to allow the AIG bonuses. Where did the language come from? Who wrote it? Who asked that it be inserted into the bill?

Why did the Conference committee remove unanimously supported legislation that would have stopped the AIG bonuses?

- The conference committee removed an amendment sponsored by Senators Olympia Snowe (R-ME) and Ron Wyden (D-OR) that would have forced any TARP recipient to repay any bonus paid in excess of \$100,000, or face a 35% excise tax. The amendment was accepted in the Senate by voice vote and would have completely prevented the \$165 million in AIG bonuses. However, the Snowe-Wyden amendment was mysteriously taken out before the final vote.
- Why did they Democrat Conference committee remove the Snowe-Wyden amendment, thus making the AIG bonus payments possible? Were Democrats instructed by Administration officials to remove the language?

Were there any Conferees from the House present in the Conference committee when the changes that allowed these bonuses were made? If not, why? Was the amendment even brought to the full Conference committee?

- Speaker Nancy Pelosi stated on March 19, 2009, that no House conferees saw the changes to the Dodd amendment that allowed the AIG bonuses to go forward and indicated that the changes may never have even been brought before the full Conference committee.
- “This is Senate-White House language...If you want to talk about what happened in the Senate, go to the Senate and talk to them...It was never brought to conference...This never

came to the House side. You can talk to any of our conferees.” National Review Online, “The AIG Mystery Deepens,” March 19, 2009

(<http://corner.nationalreview.com/post/?q=OTgzZDRIMzAwMWY2NGNlYjUwYTJlZjZmN2U1MTUwMDU=>).

- Were there any House Conferees present when the Dodd amendment to allow the AIG bonuses was included? Was the amendment even presented to the committee? How could House Democrat Leadership allow the Senate and the Administration to make major alterations to the stimulus bill without their consultation or approval?

Why did the Administration and Department of Treasury fail to act when they learned that new that the AIG bonuses would be given out?

- According to reports from Time Magazine, the Department of Treasury was informed about the AIG bonuses on February 28, 2009. Moreover, information about AIG bonuses was filed with the SEC on September 22, 2008, and AIG has said it told one of then-New York Federal Reserve Bank President Geithner’s top deputies on November 11, 2008. Yet Secretary Geithner told Congressional leaders that he knew about the bonuses on March 10, 2009, or five days before they were made public.
- Why did Treasury fail act to prevent the payment of these bonuses or, at the very least, fail to inform Congress or the public?

If the Treasury Secretary was intimately involved in every bailout beginning with Bear Stearns in March 2008, how could he claim he had no idea about the AIG bonuses that had been disclosed in September 2008?

- AIG disclosed its retention-bonus program more than a year ago. As the head of the New York branch of the Federal Reserve, Timothy Geithner, was intricately involved in the AIG bailout with day-to-day dealings with the Treasury. According to then-Secretary Henry Paulson, Geithner worked closely with Treasury from the beginning.
- Paulson said of Geithner, “The biggest thing is we are not competing with each other, we are working together. I would say they have done so much to help me, and I would do anything to help them.” Washington Post, “In Crucible of Crisis, Paulson, Bernanke, Geithner Forge a Committee of Three,” September 19, 2008.
- According to the New York Times, “Behind the scenes, Mr. Geithner was the point person for weeks of sleep-deprived Bailout Weekends. It was Mr. Geithner, not Mr. Paulson, for example, who put together the original rescue plan for the American International Group.” New York Times, “Where Was Geithner in Turmoil?” November 24, 2008 (http://www.nytimes.com/2008/11/25/business/25sorkin.html?_r=1&ref=business).
- How could Geithner be so involved with the Wall St. bailout process and still claim to Congress and the public that he did not know that AIG’s bonuses had been disclosed?